

# ROBINSON

Robinson plc

11 February 2021

## ACQUISITION OF SCHELA PLAST A/S

Robinson plc ("Robinson", the "Company" or the "Group"; stock code: RBN), the custom manufacturer of plastic and paperboard packaging, is pleased to announce that on 10 February 2021 the Company acquired Schela Plast A/S ("Schela Plast"), a Danish designer and manufacturer of blow moulded containers (the "Acquisition"). Total consideration, including earnout, is expected to be £7.7m on a debt free cash free basis.

### Highlights:

- Schela Plast specialises in the design and manufacture of plastic blow moulded containers
- Complementary market sectors to those served by Robinson
- Expands geographic reach and creates sales growth opportunities with new and existing Robinson customers – healthy pipeline of new FMCG business
- Acquisition expected to be immediately earnings enhancing

**Alan Raleigh, Chairman of Robinson, commented:** *"The Acquisition supports our sustainable growth strategy. Schela Plast is a strong complementary fit to our existing products and services, customers and manufacturing locations. Their location and capabilities, together with our planned investment in additional equipment, generates areas for growth with key customers in the market sectors we and Schela Plast serve. We are delighted to welcome Morten Jeppesen and his team to the Robinson Group."*

*"Robinson remains committed to ongoing delivery of mid to high single digit organic sales growth and a 6-8% return on sales<sup>1</sup>, supplemented by where appropriate further selective acquisitions of complementary businesses in Europe."*

### About Schela Plast

Schela Plast specialises in the design and manufacture of plastic blow moulded containers, serving a number of the major FMCG brands in Denmark and neighbouring countries. The principal market sectors that the business serves are food and beverage, beauty and personal care, homecare and chemicals.

Based close to Billund in Denmark, Schela Plast was founded in 1971 by the Toft family and employs approximately 40 staff. The company has undergone a turnaround in recent years, consolidating a two-site operation into its current location and significantly improving revenues and profits. The business has also progressed its sustainable portfolio with high usage of recycled content and renewable materials. Morten Jeppesen, the current Managing Director responsible for completing the turnaround, will continue to lead the company within the Robinson Group.

As also experienced by Robinson plc, the Covid-19 pandemic has presented both challenges and opportunities for the business which resulted in a net positive effect on sales in 2020. For the year ended 31 December 2020, Schela Plast achieved revenues (unaudited) of DKK 76.1m (£9.1m) (2019: DKK 59.6m (£7.0m)), and EBITDA (unaudited) of DKK 13.4m (£1.6m) (2019: DKK 6.4m (0.7m)). For the year ended 31 December 2020, the statutory profit before tax (unaudited) of Schela Plast is expected to be DKK 7.3m (£0.9m) (2019: DKK 1.2m (£0.1m)). Schela Plast's revenues, in addition to manufacturing, include a small amount of distribution of parts produced by third parties. In future it is expected that there will be a moderate level of additional annual operating expenditure to support the current Schela Plast business.

The business is being acquired with estimated net assets of DKK 21.1m (£2.5m); this includes the net debt of DKK 27.8m (£3.3m) referred to below and includes land and buildings with an estimated market value

of DKK 18.8m (£2.2m), all subject to preparation of final completion accounts and fair value measurement on Acquisition.

Schela Plast has a healthy pipeline of new FMCG business which requires further capital investment. Robinson intends to invest approximately £2.4m for new plant and equipment in Denmark in 2021 to facilitate future growth.

## Consideration and Funding for the Acquisition

Schela Plast is being acquired from two private individuals who are not involved in the day-to-day running of the business. Total consideration, including earnout, is expected to be and is capped at DKK 65.0m (£7.7m), on a debt free cash free basis, consisting of:

- Initial consideration of DKK 12.0m (£1.4m), paid in cash at the time of Acquisition; and
- Net debt<sup>2</sup> acquired of DKK 27.8m (£3.3m), of which DKK 9.5m (£1.1m) has been repaid in cash by Robinson at the time of Acquisition (repaying all loan notes held by vendors); and
- Earnout cash payment, payable following the audit of the Company's 2021 report and accounts, currently estimated to be DKK 25.0m (£3.0m), being the maximum under the capped total consideration. The earn out is calculated based on 2020 and 2021 EBITDA performance of Schela Plast

The initial cash consideration and repayment of the loan notes has been funded from existing cash resources and bank debt. The planned further capital investment will be funded by bank debt and/or equipment asset financing, and the earnout cash payment is expected to be funded by bank debt and/or future cash generation from the enlarged Group. The Group is in the process of agreeing new revised facilities of in total £12m with its existing bank HSBC UK Bank whilst currently the existing overdraft facility of £8m remains in place until the end of February 2021. At 31 December 2020 the Group had cash of £1.4m, overdraft borrowings of £2.3m and net debt<sup>3</sup> of £6.6m (unaudited). Schela Plast's borrowings as referred to above, following completion of the Acquisition, remain with Danish lenders.

Conversion of DKK financials to GBP:

2020 financial information - DKK/GBP 8.387 being the daily average for the 12 months to 31 December 2020

2019 financial information - DKK/GBP 8.516 being the daily average for the 12 months to 31 December 2019

Net assets, consideration and debt acquired - DKK/GBP 8.490 being as at 5:00pm 10 February 2021

<sup>1</sup>operating profit margin before exceptional items and amortisation of intangible assets

<sup>2</sup>cash less borrowings (overdraft, property mortgage, equipment asset financing and loan notes held by vendors), subject to preparation of final completion accounts (excludes IFRS16 lease liabilities)

<sup>3</sup>cash less borrowings (overdraft, pension loan and equipment asset financing) (excludes IFRS16 lease liabilities)

For further information, please contact:

### Robinson plc

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## About Robinson:

Being a purpose-led business, Robinson specialises in custom packaging with technical and value-added solutions for food and consumer product hygiene, safety, protection, and convenience; going above and beyond to create a sustainable future for our people and our planet. Their main activity is in injection and blow moulded plastic packaging and rigid paperboard luxury packaging, operating within the food and

beverage, homecare, beauty and personal care, and luxury gift sectors. Robinson provides products and services to major players in the fast-moving consumer goods market to include McBride, Procter & Gamble, Reckitt Benckiser, SC Johnson, and Unilever. Headquartered in Chesterfield, UK, Robinson has 3 plants in the UK, and 2 in Poland. The organisation was formerly a family business with its origins dating back 180 years, currently employing over 350 people. The Group also has a substantial property portfolio with development potential.

No statement in this announcement is intended to be a profit forecast or estimate and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.